

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 7761**

**BILL NUMBER:** HB 1939

**NOTE PREPARED:** Feb 26, 2003

**BILL AMENDED:** Feb 25, 2003

**SUBJECT:** Unclaimed Property.

**FIRST AUTHOR:** Rep. Fry

**FIRST SPONSOR:**

**BILL STATUS:** CR Adopted - 1<sup>st</sup> House

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State

**Summary of Legislation:** This bill provides civil damages for actions related to agreements to locate unclaimed property or warrants. The bill allows the Attorney General to sell unclaimed property at a commercially reasonable public sale. The bill eliminates the attorney exemption for agreements to locate unclaimed property. It makes the time period for which unclaimed property related to child support is held the same as for other property. The bill allows the Attorney General to establish rules for publication of notice and dates for filing reports. It also makes certain other changes to the Unclaimed Property Law.

**Effective Date:** July 1, 2003.

**Explanation of State Expenditures:** The changes proposed to the Unclaimed Property Law could provide administrative efficiencies to the Attorney General's office. Any impact on the Office is expected to be minimal.

**Explanation of State Revenues:** This bill is not expected to have a significant impact on the state revenue.

*Selling of Unidentifiable Unclaimed Property and Disclaimed Property:* Since the proceeds from the sale of unidentifiable unclaimed property and disclaimed property would be directly deposited in the Common School Fund, this bill could potentially cause a minimal shift in how the interest revenue generated on the property would be used. Interest accrued on property in the Abandoned Property Fund is deposited in the state General Fund. Interest revenue accrued on property in the Common School Fund is used for Common School Fund purposes.

*Background Information:* Intangible property held by businesses or financial institutions is presumed abandoned after a specified period has lapsed since the last owner contact. The period varies depending on

the type of property abandoned. For example, a traveler's check is presumed abandoned after 15 years since last owner contact, while a money order is presumed abandoned after seven. After a property is considered abandoned by a firm, it is remitted to the Office of the Attorney General. The Office deposits property, or proceeds from the sale of the property, in the Abandoned Property Fund. A claimant can recover the value of the property for up to 25 years. When the balance of the principal of the Fund exceeds \$500,000, the Treasurer of State transfers, at least once each year, the excess to the Common School Fund. In FY 2002, \$30.0 M was transferred from the Abandoned Property Fund to the Common School Fund. The balance of the Abandoned Property Fund was \$46.9 M at the close of FY 2002. Interest accrued on property in the Abandoned Property Fund is deposited in the state General Fund.

*Court Fee Revenue:* The bill allows people who have entered into agreements for the recovery of unclaimed property or the Attorney General to bring a civil action against persons who violate the law regarding the fees associated with the recovery of unclaimed property. If additional civil actions occur, revenue to the state General Fund may increase if court fees are collected. A civil filing fee of \$100 would be assessed when a civil case is filed. 70% of the filing fee would be deposited in the state General Fund if the case is filed in a court of record or 55% if the case is filed in a city or town court.

**Explanation of Local Expenditures:** This bill would impact courts by decreasing the time from ten to five years in which all court held child-support related property or proceeds are presumed abandoned.

Under current law, if the owner or apparent owner has not communicated in writing with the holder (the court in this case) concerning the property or has not otherwise given an indication of interest in the property after ten years for all property related to child support and five years for all other types of property, the court must treat the property or proceeds as unclaimed property to be collected by the Attorney General.

*Court Fee Revenue:* If additional civil actions occur, local governments would receive revenue from the following sources. The county general fund would receive 27% of the \$100 filing fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund.

**Explanation of Local Revenues:**

**State Agencies Affected:** Attorney General.

**Local Agencies Affected:** Trial courts, city and town courts.

**Information Sources:** Jennifer Thuma, Office of the Attorney General, 233-6143.

**Fiscal Analyst:** John Parkey, 317-232-9854